

West Bloomfield Township Parks and Recreation Commission

**Financial Report
with Supplemental Information
December 31, 2007**

West Bloomfield Township Parks and Recreation Commission

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Independent Auditor's Report

West Bloomfield Township
Parks and Recreation Commission
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities and General Fund of West Bloomfield Township Parks and Recreation Commission as of December 31, 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of West Bloomfield Township Parks and Recreation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of West Bloomfield Township Parks and Recreation Commission as of December 31, 2007 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not required parts of the basic financial statements, but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

May 13, 2008

West Bloomfield Township

Parks and Recreation Commission

Management's Discussion and Analysis

Our discussion and analysis of West Bloomfield Township Parks and Recreation Commission's (the "Commission") financial performance provides an overview of the Commission's financial activities for the year ended December 31, 2007. Please read it in conjunction with the Commission's financial statements.

West Bloomfield Township Parks and Recreation Commission as a Whole

The following table shows, in condensed format, a comparison of the net assets as of the current year to the prior year:

TABLE I

	2007	2006
Assets		
Current assets	\$ 5,508,998	\$ 4,967,355
Noncurrent assets	<u>18,336,068</u>	<u>18,543,948</u>
Total assets	23,845,066	23,511,303
Liabilities		
Current liabilities	3,892,095	3,616,186
Long-term liabilities	<u>199,642</u>	<u>760,564</u>
Total liabilities	<u>4,091,737</u>	<u>4,376,750</u>
Net Assets		
Invested in capital assets - Net of related debt	18,336,068	17,913,948
Unrestricted	<u>1,417,261</u>	<u>1,220,605</u>
Total net assets	<u>\$ 19,753,329</u>	<u>\$ 19,134,553</u>

The Commission's combined net assets increased by approximately \$619,000. The major reason is the decrease in long-term liabilities since the Commission paid off the bonds for the Family Aquatic Center, Schulak Farm, and Karner Farm in 2007.

West Bloomfield Township

Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

The following table shows the change in net assets during the current year compared to the prior year:

TABLE 2

	2007	2006
Revenue		
Property taxes	\$ 3,444,476	\$ 3,301,818
Recreation program fees and other user charges	538,215	489,163
Facility rental revenue	41,060	32,635
Interest	147,485	126,467
SMART transportation grants	245,691	171,451
Other income	18,703	82,413
Sponsorship income	5,900	10,600
CDBG senior support	19,685	28,873
Tree grants	-	500
Total revenue	4,461,215	4,243,920
Expenses		
Commission	30,407	29,930
Administration	932,719	813,042
Recreation	1,345,107	1,182,914
Park operations	1,314,442	1,186,822
Transportation	211,636	199,036
Debt service	8,129	31,723
Total expenses	3,842,440	3,443,467
Change in Net Assets	\$ 618,775	\$ 800,453

West Bloomfield Township Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

Governmental Activities

The Commission's total revenues increased during the current year by approximately \$217,000 mainly due to the increase in property taxes and recreation program fees. Overall expenses were increased this year due to programmed personnel costs, including medical benefits. The Commission began pre-funding retiree healthcare this year with a \$108,649 payment to the MERS Trust account. The Commission also began the design work for the Marshbank Park Improvement Project and incurred design and survey costs.

General Fund Budgetary Highlights

Over the course of the year, the Commission amended the budget to take into account events during the year. Overall, the Commission stayed below budget, resulting in total expenditures being below the budget figures. This allowed the General Fund's fund balance to increase from approximately \$1,280,000 at December 31, 2006 to approximately \$1,544,000 at December 31, 2007.

Economic Factors and Next Year's Budgets and Rates

West Bloomfield Township Parks and Recreation Commission's budget for next year is very similar to the 2007 budget with the exception of the addition of the Marshbank Park Improvement Project. Revenue is higher due to the addition of a Michigan Natural Resources Trust Fund Grant for \$500,000. Expenditures are also higher due to the increase in monies budgeted in both the capital projects line item and consultants line item for Marshbank Park. The possibility is very high that the expenses for the actual construction of Marshbank Park Improvement Project will be moved to the 2009 budget. It appears that all of 2008 will be used for the design and permitting of the project. The Commission has once again included \$108,649 in expenditures to continue the prefunding of its retiree healthcare obligation.

Contacting the Commission's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Commission's office.

West Bloomfield Township

Parks and Recreation Commission

Governmental Fund Balance Sheet - Statement of Net Assets December 31, 2007

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and cash equivalents (Note 3)	\$ 1,212,733	\$ -	\$ 1,212,733
Investments (Note 3)	594,199	-	594,199
Receivables:			
Grants	72,711	-	72,711
Property taxes	1,701,074	-	1,701,074
Tax collections due from West Bloomfield Township	1,885,553	-	1,885,553
Interest	24,224	-	24,224
Other	2,126	-	2,126
Other assets	16,378	-	16,378
Capital assets - Net (Note 4):			
Nondepreciable	-	10,242,987	10,242,987
Depreciable	-	8,093,081	8,093,081
Total assets	\$ 5,508,998	18,336,068	23,845,066
Liabilities and Fund Equity			
Liabilities			
Accounts payable and other liabilities	\$ 221,367	-	221,367
Accrued payroll and related taxes	43,980	-	43,980
Deferred property tax revenue	3,586,627	-	3,586,627
Deferred revenue (Note 6)	112,832	(72,711)	40,121
Noncurrent liabilities:			
Compensated absences, due within one year	-	102,324	102,324
Compensated absences, due in more than one year	-	97,318	97,318
Total liabilities	3,964,806	126,931	4,091,737
Fund Equity - Unreserved			
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	413,252	(413,252)	
Undesignated	1,130,940	(1,130,940)	
Total fund equity	1,544,192	(1,544,192)	
Total liabilities and fund equity	\$ 5,508,998		
Net Assets			
Invested in capital assets - Net of related debt		18,336,068	18,336,068
Unrestricted		1,417,261	1,417,261
Total net assets		\$ 19,753,329	\$ 19,753,329

West Bloomfield Township

Parks and Recreation Commission

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Equity - Statement of Activities Year Ended December 31, 2007

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Property taxes:			
General	\$ 976,588	\$ -	\$ 976,588
Land	1,551,003	-	1,551,003
Active recreation	916,885	-	916,885
Recreation program fees and other user charges	538,215	-	538,215
Facility rental revenue	41,060	-	41,060
Interest	147,485	-	147,485
SMART transportation grants	267,434	(21,743)	245,691
Other income	18,703	-	18,703
Sponsorship income	5,900	-	5,900
CDBG senior support	-	19,685	19,685
	<u>-</u>	<u>19,685</u>	<u>19,685</u>
Total revenue	4,463,273	(2,058)	4,461,215
Expenditures			
Commission	30,407	-	30,407
Administration	889,339	43,380	932,719
Recreation	1,253,074	92,033	1,345,107
Park operations	1,196,193	118,249	1,314,442
Transportation	188,340	23,296	211,636
Debt service:			
Interest	-	(3,914)	(3,914)
Karner and Schulak Farms	285,680	(280,000)	5,680
Family Aquatic Center	356,363	(350,000)	6,363
	<u>4,199,396</u>	<u>(356,956)</u>	<u>3,842,440</u>
Total expenditures	4,199,396	(356,956)	3,842,440
Change in Fund Equity/Net Assets	263,877	354,898	618,775
Fund Equity/Net Assets			
Beginning of year	<u>1,280,315</u>	<u>17,854,239</u>	<u>19,134,554</u>
End of year	<u>\$ 1,544,192</u>	<u>\$ 18,209,137</u>	<u>\$ 19,753,329</u>

West Bloomfield Township Parks and Recreation Commission

**Notes to Financial Statements
December 31, 2007**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of West Bloomfield Township Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission:

Reporting Entity

The Commission is governed by an elected seven-member board of commissioners. The accompanying basic financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units of the Commission that are to be included in the reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both government-wide (reporting the Commission as a whole) and fund financial statements (reporting the Commission's major fund).

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, property taxes, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

West Bloomfield Township Parks and Recreation Commission

**Notes to Financial Statements
December 31, 2007**

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service and compensated absences are recorded only when payment is due.

Interest earned on investments is recorded on the accrual basis.

The General Fund is the Commission's operating fund. It accounts for all financial resources of the Commission. General Fund activities are financed by revenue from general property taxes, program fees, and other sources. The General Fund is also used for the acquisition, preservation, enhancement, and maintenance of land for parks and recreational purposes and the acquisition, development, maintenance, and operation of public parkland facilities, specifically the development of youth and community active recreational sites.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand and demand deposits. Investments are recorded at fair value based on quoted market prices.

Property Taxes - Properties are assessed as of December 31 and the related property taxes are billed and become a lien on December 1 of the following year. They are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in the fund at December 31.

The 2006 taxable valuation of the Township totaled \$4.01 billion, on which taxes levied consisted of total mills related to parks and recreation of .8588, of which .2435 mills were for operating purposes, .3867 mills were for land acquisition, and .2286 mills were for active recreation programs. This resulted in approximately \$977,000 for operations, \$1.6 million for land acquisition, and \$917,000 for active recreation programs. These amounts are recognized in the General Fund as tax revenue.

Capital Assets - Capital assets, which include property, plant, equipment, and vehicles, are reported in the statement of net assets. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and structures	25-40 years
Computer technology	4-8 years
Land improvements	10-20 years
Machinery and equipment	5-10 years
Office furniture and fixtures	10-20 years
Vehicles	5-10 years

Compensated Absences - It is the Commission's policy to permit full-time employees to accumulate earned but unused sick, vacation, and personal day benefits. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only for employee terminations as of year end.

Deferred Revenue - The governmental fund modified accrual basis financial statements and the government-wide full accrual financial statements report deferred revenue in connection with revenue that has not been earned since it relates to advance collection of program fees or grant money for programs which will be provided subsequent to the end of the current year.

Long-term Obligations - In the statement of net assets, long-term obligations are reported as liabilities.

Fund Equity - In the modified accrual basis financial statements, the governmental fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements

December 31, 2007

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balance and the net change in fund balance of the Commission's General Fund differs from net assets and change in net assets reported in the statement of net assets and the statement of activities - full accrual basis. This difference results primarily from the long-term current financial resources measurement focus of the statement of net assets and the statement of activities versus the economic focus of the statement of the General Fund balance sheet and the statement of revenue, expenditures, and changes in fund equity. The reconciliations of fund balance to net assets and the net change in fund balance to the net change in net assets are as follows:

Total Fund Equity - Modified Accrual Basis	\$ 1,544,192
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Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources and are not reported in the fund	18,336,068
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Grants not received within 60 days of year end are not available currently and are not reported in the fund	72,711
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Compensated absences are not due and payable in the current period and are not reported in the fund	<u>(199,642)</u>
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Total Net Assets - Full Accrual Basis	<u>\$19,753,329</u>
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West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements

December 31, 2007

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Net Change in Fund Equity - Modified Accrual Basis	\$ 263,877
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Amounts reported in the statement of activities are different because:

Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	205,337
Depreciation	(413,217)

Grant revenues are recorded in the statement of activities when earned; they are not reported in the fund until collected or collectible within 60 days of year end	(2,058)
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Repayment of bond principal is an expenditure in the governmental fund, but not in the statement of activities (where it reduces long-term debt)	630,000
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Accrued interest payable is recorded when due in the governmental fund	3,914
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Changes in accumulated employee sick and vacation pay are recorded when earned in the statement of activities	<u>(69,078)</u>
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Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 618,775</u>
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West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2007

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Commission is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investment in all of the investments allowable by the state statutory authority as listed above. The Charter Township of West Bloomfield performs the investment function on behalf of the Commission. The Commission's deposits and investment policies are in accordance with statutory authority.

The Commission's deposits and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk.

The Commission's deposits, shown as cash on the balance sheet, are administered by the Charter Township of West Bloomfield (the "Township") and are held in separate accounts in the name of the Township. The federal depository insurance coverage pertains to all the deposits of the Township; hence, the specific coverage pertaining to the Commission's deposits, if any, is not determinable. The Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 594,199	AI	S&P

Note 4 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
Capital assets not being depreciated - Land	\$ 10,242,987	\$ -	\$ -	\$ 10,242,987
Capital assets being depreciated:				
Buildings and structures	5,702,614	-	-	5,702,614
Computer technology	63,595	52,883	(3,651)	112,827
Land improvements	3,975,399	11,965	-	3,987,364
Machinery and equipment	815,144	90,926	-	906,070
Office furniture and fixtures	147,575	3,679	-	151,254
Vehicles	421,898	45,884	-	467,782
Subtotal	11,126,225	205,337	(3,651)	11,327,911
Accumulated depreciation:				
Buildings and structures	1,201,193	161,730	-	1,362,923
Computer technology	36,207	6,953	(3,651)	39,509
Land improvements	1,072,943	130,385	-	1,203,328
Machinery and equipment	323,624	47,281	-	370,905
Office furniture and fixtures	57,473	8,422	-	65,895
Vehicles	133,824	58,446	-	192,270
Subtotal	2,825,264	413,217	(3,651)	3,234,830
Net capital assets being depreciated	8,300,961	(207,880)	-	8,093,081
Net capital assets	\$ 18,543,948	\$ (207,880)	\$ -	\$ 18,336,068

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2007

Note 4 - Capital Assets (Continued)

Depreciation expense was charged to departments as follows:

Administration	\$ 68,816
Recreation	6,127
Park operations	243,712
Family Aquatic Center	68,316
Transportation	<u>26,246</u>
Total	<u>\$ 413,217</u>

At the present time, the Commission operates 520 acres, as follows:

Sites	Acres
Bloomer Park	36
Bloomfield Knolls Park	2
Civic Center Park	70
Community Sports Park	15
Drake Sports Park	52
Marshbank Park	108
Sylvan Manor Park	3
West Bloomfield Trail Network	28
West Bloomfield Woods Nature Preserve	162
Karner Farm	33
Schulak Farm	5
West Bloomfield Family Aquatic Center	5
Walnut Lake Road parcel	<u>1</u>
Total acres	<u>520</u>

West Bloomfield Township Parks and Recreation Commission

Notes to Financial Statements December 31, 2007

Note 5 - Budget Information

The annual budget is prepared by the finance committee, adopted by West Bloomfield Township Parks and Recreation Commission, and approved by the West Bloomfield Township board. Subsequent amendments are approved by the Commission. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2007 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget at the activity level adopted by the Commission is included in the required supplemental information.

The originally adopted 2008 budget has expenditures budgeted over revenue in the amount of \$413,252 which has been designated in the General Fund.

Note 6 - Deferred Revenue

The General Fund reports deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. The General Fund also defers revenue recognition in connection with resources that have been received but not yet earned. At the end of the current year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Grants not received within 60 days of year end	\$ 72,711	\$ -	\$ 72,711
Grants received in advance	-	13,446	13,446
Advances on programs	-	26,675	26,675
Total	<u>\$ 72,711</u>	<u>\$ 40,121</u>	<u>\$ 112,832</u>

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2007

Note 7 - Long-term Debt

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Land acquisition bonds: Amount of issue: \$2,100,000 Maturing through 2007	3.90% - 3.95%	\$260,000- \$280,000	\$ 280,000	\$ -	\$ 280,000	\$ -	\$ -
Family Aquatic Center bonds: Amount of issue: \$2,400,000 Maturing through 2007	3.55%	\$320,000- \$350,000	350,000	-	350,000	-	-
Total			\$ 630,000	\$ -	\$ 630,000	\$ -	\$ -

Note 8 - Defined Contribution Retirement Plan (West Bloomfield Money Purchase Plan)

The Commission provides pension benefits to all of its full-time and qualifying part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment.

As established by Commission resolution, the Commission contributes 5 percent of employees' gross earnings for employees hired prior to October 31, 2003.

Effective November 1, 2003, an amendment to the defined contribution retirement plan was made resolving that the Commission will contribute 10 percent of each employee's gross earnings for employees hired on or after the effective date, but these employees will not be able to participate in the defined benefit pension plan (as described in Note 9 below).

The Commission's contributions for each employee hired prior to October 31, 2003 are fully vested after eight years of service. Employees hired after October 31, 2003 are fully vested after six years of service. In accordance with these requirements, the Commission contributed approximately \$84,000 for the year ended December 31, 2007.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2007

Note 9 - Defined Benefit Pension Plan

Plan Description - The Commission participates in the Charter Township of West Bloomfield Employees Retirement System, a defined benefit pension plan that covers all full-time and qualified part-time employees of the Commission hired prior to November 1, 2003. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan is administered through ING Insurance Company. The plan does not prepare an annual financial statement, either as a stand-alone financial report or by inclusion in the report of a public employee retirement system or another entity.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by Commission resolution for the parks and recreation employees. The plan does not require an employee contribution.

Annual Pension Cost - For the year ended December 31, 2007, the Township's annual pension cost of approximately \$4,285,000 for the plan was lower than the Township's required contribution by \$21,000. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.5 percent to 17.5 percent per year, and (c) 3.0 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 23 years.

The system does not make separate measurements of assets and actuarial accrued liabilities for individual employees. The total defined benefit pension plan, of which the Commission is a part, is represented in the following three-year trend information:

	Fiscal Year Ended December 31		
	2005	2006	2007
Annual pension cost (APC)	\$ 3,751,000	\$ 4,599,612	\$ 4,285,116
Percentage of APC contributed	100%	99%	100%
Net pension asset	\$ 1,065,400	\$ 1,014,200	\$ 1,165,000

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements December 31, 2007

Note 9 - Defined Benefit Pension Plan (Continued)

	Actuarial Valuation at December 31		
	2004	2005	2006
Actuarial value of assets	\$ 54,912,591	\$ 59,493,069	\$ 66,642,760
Actuarial accrued liability (AAL) (entry age)	\$ 73,201,404	\$ 79,692,787	\$ 86,516,666
Unfunded AAL (UAAL)	\$ 18,288,813	\$ 20,199,718	\$ 19,873,906
Funded ratio	75.0%	74.7%	77.0%
Covered payroll	\$ 19,162,317	\$ 18,681,528	\$ 18,850,496
UAAL as a percentage of covered payroll	95.4%	108.1%	105.43%

Note 10 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for medical benefit claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, and participates in the Michigan Municipal Risk Management Authority (state pool member) for claims relating to property, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program and the state pool of the Michigan Municipal Risk Management Authority risk pool program operate as common risk-sharing management programs for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 11 - Postemployment Benefits

The Commission provides healthcare benefits to all full-time employees hired prior to January 1, 2006 upon retirement in accordance with the personnel policy. Currently, three retirees are eligible. The Commission includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. Expenditures for postemployment healthcare benefits are recognized as the insurance premiums become due; during the year ended December 31, 2007, this amounted to approximately \$40,000. In accordance with the actuarial recommendation, the Commission authorized a current year contribution to the plan of \$108,649.

West Bloomfield Township

Parks and Recreation Commission

Notes to Financial Statements
December 31, 2007

Note 11 - Postemployment Benefits (Continued)

During the current year, the Commission entered into an agreement with MERS to participate in a Health Care Savings Plan (HCSP) for all full-time employees hired on or after January 1, 2006. In accordance with the plan agreement, employer contributions will begin for employees six months from hire date. The Commission will contribute \$1,300 per year per employee. Effective July 31, 2007, this group of employees will receive a \$500 jump start into the HCSP. A total of \$7,600 was contributed to the plan by the employer, and \$205 was contributed by the employees during the current year.

The Commission also entered into an additional Health Care Savings Plan (HCSP) with MERS during 2007 for all full-time employees hired on or before December 31, 2005 and all part-time employees to provide funding for the employee portion of healthcare benefits such as co-pays. Effective July 31, 2007, current employees in this group will receive a \$250 jump start into the HCSP by the employer totaling \$6,000 in the current year. Other than the jump start funding by the employer, the plan is funded solely by employees under the plan provisions and, in the current year, employee contributions to the plan totaled \$860.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2009.

Required Supplemental Information

West Bloomfield Township

Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget	
				Favorable (Unfavorable)	Percent
Revenue					
Property taxes:					
General	\$ 968,742	\$ 976,336	\$ 976,588	\$ 252	-
Land	1,538,430	1,550,510	1,551,003	493	-
Active recreation	909,730	916,593	916,885	292	-
Recreation program fees and other user charges	519,931	525,000	538,215	13,215	3
Facility rental revenue	27,300	38,000	41,060	3,060	8
Interest	70,000	100,000	147,485	47,485	47
SMART transportation grants	353,867	211,817	267,434	55,617	26
Other income	10,200	12,000	18,703	6,703	56
Sponsorship income	9,000	5,900	5,900	-	-
CDBG barrier free	116,113	-	-	-	-
CDBG senior support	19,685	19,685	-	(19,685)	(100)
Total revenue	4,542,998	4,355,841	4,463,273	107,432	
Expenditures					
Commission	37,120	34,120	30,407	3,713	11
Administration	953,752	970,061	889,339	80,722	8
Recreation	1,420,533	1,420,533	1,253,074	167,459	12
Park operations	1,311,882	1,295,182	1,196,193	98,989	8
Transportation	353,867	211,817	188,340	23,477	11
Debt service:					
Karner and Schulak Farms	285,380	285,680	285,680	-	-
Family Aquatic Center	356,363	356,363	356,363	-	-
Park development and capital	176,113	15,000	-	15,000	100
Total expenditures	4,895,010	4,588,756	4,199,396	389,360	8
Change in Fund Equity	(352,012)	(232,915)	263,877	496,792	
Fund Equity					
Beginning of year	1,280,315	1,280,315	1,280,315	-	
End of year	<u>\$ 928,303</u>	<u>\$ 1,047,400</u>	<u>\$ 1,544,192</u>	<u>\$ 496,792</u>	

West Bloomfield Township Parks and Recreation Commission

**Report to the Commission
December 31, 2007**



Plante & Moran, PLLC
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To the Commission
West Bloomfield Parks and
Recreation Commission
4640 Walnut Lake Road
West Bloomfield, MI 48323

May 13, 2008

We have recently completed our audit of the basic financial statements of West Bloomfield Parks and Recreation Commission for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communications, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Commission.

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Report on Internal Control - Required as of December 31, 2006	1-2
Results of the Audit - Required as of December 31, 2007	3-5
Summary of Unrecorded Possible Adjustments	6-7
Other Comments and Recommendations	8-10

We are grateful for the opportunity to be of service to West Bloomfield Parks and Recreation Commission. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

Report on Internal Control

To the Commission
West Bloomfield Parks and
Recreation Commission

Beginning with the audit of West Bloomfield Parks and Recreation Commission for the year ended December 31, 2006, national auditing standards require auditors to communicate matters to the governing body that may be useful in its oversight of the Commission's financial management. Specifically, we are required to report internal control issues to the governing body that may be relatively minor, in order to allow you to evaluate their significance, and make any changes it may deem appropriate. In general, some of these items may have been discussed orally with management in the past.

In planning and performing our audit of the financial statements of the Commission as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a significant deficiency:

To the Commission
West Bloomfield Parks and
Recreation Commission

May 13, 2008

- While performing the required audit procedures, Plante & Moran, PLLC proposed journal entries related to property taxes and grant revenue that were necessary in order for the financial statements to be materially correct.

This communication is intended solely for the information and use of management, the board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Leslie J. Pulver". The signature is written in a cursive, flowing style.

Leslie J. Pulver

Results of the Audit

To the Commission
West Bloomfield Parks and
Recreation Commission

We have audited the financial statements of West Bloomfield Parks and Recreation Commssion (the "Commission") for the year ended December 31, 2007 and have issued our report thereon dated May 13, 2008. Professional standards now require (beginning with the audit of the year ended December 31, 2007) that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 24, 2007, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of West Bloomfield Parks and Recreation Commission. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 11, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by the Commission are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2007.

We noted no transactions entered into by the organization during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule (Attachment I) summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Material misstatements detected as a result of audit procedures were corrected by management related to the appropriate recording of property taxes receivable and the related deferred revenue.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated May 13, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the organization, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the organization's auditors.

This information is intended solely for the use of West Bloomfield Parks and Recreation Commission's board of trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Leslie J. Pulver". The signature is written in a cursive, flowing style.

Leslie J. Pulver

General Fund

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Ref. #	Description of Misstatement	Increases (Decreases)				
		Assets	Liabilities	Fund Balance	Revenue	Expenditures
Known Misstatements:						
A1	To add back cash to J Fund for Twp expenditures not withdrawn until January	\$ 6,699				\$ (6,699)
A2	To properly state cy grant revenue		\$ 15,097		\$ (15,097)	
Estimate Adjustments:						
B1						
B2						
Implied Adjustments:						
C1						
C2						
Combined effect		\$ 6,699	\$ 15,097	\$ -	\$ (15,097)	\$ (6,699)

Governmental Activities

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

Ref. #	Description of Misstatement	Increases (Decreases)				
		Assets	Liabilities	Net Assets	Revenue	Expenses
Known Misstatements:						
A1	To properly state cy grant revenue		\$ 15,097		\$ (15,097)	
A2						
Estimate Adjustments:						
B1						
B2						
Implied Adjustments:						
C1						
C2						
		\$ -	-	\$ -	-	\$ -
	Combined effect	\$ -	\$ 15,097	\$ -	\$ (15,097)	\$ -

Other Comments and Recommendations

Other Comments and Recommendations

To the Commission
West Bloomfield Parks and
Recreation Commission

In addition, we offer the following matters as a result of our audit for your consideration:

Retiree Healthcare Benefits and GASB No. 45

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The pronouncement provides guidance for governmental entities in recognizing the cost of retiree health care and other nonpension postemployment benefits. The rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of an employee, rather than at the time the healthcare premiums are paid.

The new pronouncement is effective for West Bloomfield Parks and Recreation Commission's year ending December 31, 2009; however, an initial valuation for the Commission was prepared in accordance with GASB No. 45 as of December 31, 2005 as part of an actuary valuation obtained by the Township. The actuary calculated the Commission's unfunded liability for retiree health care to be approximately \$980,000 as of December 31, 2005.

In 2007, the Commission contributed approximately \$108,000 to the retiree healthcare savings plan in accordance with the actuarial recommended contribution. The Commission should continue to discuss its funding policy when determining how much to contribute to the retiree healthcare savings plan. We compliment the Commission for proactively addressing this new reporting requirement.

Property Taxes and Taxable Value Changes

Challenges with property values in the current Michigan economy have been very well publicized. A number of factors are impacting the market value of properties including foreclosures, properties on the market for extended periods of time, properties selling below market value, etc. Property tax assessments are being completed currently for the 2008 tax year and tax rolls will not be finalized until May 2008. However, early indications are that declines in state equalized value may threaten the inflationary growth in taxable value that communities had been experiencing following the passage of Proposal A and tax base growth in West Bloomfield Township may be slowing. We caution the Commission to keep this in mind as it reviews the expected financial results for 2008 and its budget for 2009 and the next few years thereafter.

To the Commission
West Bloomfield Parks and
Recreation Commission

May 13, 2008

As a response to the situation with the real estate market, legislation is being discussed in Lansing to adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the pop-up or increase in taxable value that occurs when a property sells or a super cap on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the Commission's main revenue source.

We would like to thank you and your staff again this year for their preparedness, cooperation, and assistance that they provided during the audit. If you have any questions, or would like to discuss these items further, please feel free to contact us at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Leslie J. Pulver". The signature is written in a cursive, flowing style.

Leslie J. Pulver